



International Conference of Organizational Innovation

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Conference Date

Aug, 12-14 2014

Location

De La Salle University, Manila, Philippines 2401 Taft Avenue, 1004
Manila, Philippines



PROCEEDINGS OF 2014 ICOI THE INTERNATIONAL CONFERENCE ON ORGANIZATIONAL INNOVATION

Aug., 12 – 14, 2014

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WELCOME TO THE INTERNATIONAL CONFERENCE ON ORGANIZATIONAL INNOVATION (ICOI) MANILA, PHILLIPPINES, 2014



MABUHAY!

On behalf of the International Association of Organizational Innovation, I welcome you to the 2014 The International Conference on Organizational Innovation. It is an honor and a pleasure for me to be in this great city of Manila and to interact with all of you distinguished scholars and business men & women at this conference! I look forward to exploring the city and the country of The Philippines.

The International Association of Organizational Innovation (IAOI) has made great progress this year! The main activities of the Association are hosting this conference and publishing *The International Journal of Organizational Innovation*. IAOI is in our ninth year. This is our eighth Annual Conference and our Journal is now in its sixth year of publication!

Besides hosting this conference, I also serve as the Editor of the *International Journal of Organizational Innovation*, the journal sponsored by this Association. I encourage all of you to consider submitting the papers that you are presenting at this conference for publication in the journal. Another professional opportunity available to you is to serve as an Assistant Editor for the journal and review paper submissions to the journal. I will give detailed information on these opportunities in my presentation entitled "How to be an Author or Assistant Editor for the *International Journal of Organizational Innovation*", later in the conference. If you have any interest in serving either the Association or Journal, please attend this session. For those of you who have published in our Journal or serve as an Assistant Editor, Please come up and introduce yourself to me.

I give thanks to all of the people who worked very hard to organize this conference. I know the effort that they made in getting this conference together. I especially thank De La Salle University and Dr. Ma. Luisa C. Delayco, Dean of the Ramon V. del Rosario College of Business, for hosting this conference. I also thank my colleague and former student, Dr. Chich-Jen Shieh, for his hard work organizing this conference. Thanks also go to all of the people at IAOI and De La Salle University who have worked hard to make this conference a success!

I look forward to meeting you all and working with you over the next few days. Please take the opportunity to explore this exciting city and country. Maraming Salamat and enjoy the conference!

Dr. Frederick Dembowski, President,
The International Association of Organizational Innovation

FOREWORD



It is with great pleasure to welcome you to the 2014 International Conference of Organizational Innovation. It is a privilege to co-organize this event for this year and have it held in De La Salle University Manila, Philippines.

This is an excellent opportunity to share experiences with colleagues and develop collaboration with participants having the same interest. This also provides opportunity to recognize paper contributions.

Special thanks to all the keynote speakers and paper contributors for their valuable presence and for sharing their works with us. Thanks to all the conference Committee members who have made this event possible.

Best wishes for a productive stay in the Philippines.

Mabuhay!

Dr. Ma. Luisa C. Delayco

Dean

Ramon V. del Rosario, College of Business

De La Salle University, Manila Philippines

ma.luisa.delayco@dlsu.edu.ph

FOREWORD



As the Honourable Chair of International Conference of Organization Innovation (ICOI) 2014, firstly I would like to congratulate the De La Salle University Philippines for successfully hosting this annual conference.

The purpose of ICOI-2014 is to enhance good relationship between academic scholars and business practitioner in Organisation. An important goal of the conference is to encourage learning from each other by exchanging ideas, views, and building networks.

I would like to thank all working team from IAOI organization, from De La Salle University Philippines, and from Department of Management, Faculty of Economics and Business Universitas Airlangga, for their enormous contribution towards the detailed arrangement of this conference, because a successful conference cannot be organized without the effort of many persons.

Furthermore, I would like to express my gratitude to the authors who submitted their papers to the ICOI-2014 conference as well as reviewers for their contribution and effort to an excellent conference proceeding.

Finally, let me welcome all of you to the ICOI-2014. I hope you will enjoy the conference and have a wonderful time during your stay in Manila Philippines.

Regards,

Prof. Dr. Muslich Anshori
2014 ICOI Honourable Chair,
Dean
Faculty of Economics and Business
Universitas Airlangga
Indonesia

FOREWORD

Welcome to the 8th International Conference of Organizational Innovation (2014 ICOI, Philippines)



On behalf of the Organizational Committee, Honourable Chairs, Conference Chairs, and Conference Co-Chairs, it is a great pleasure to welcome you to this 8th ICOI Annual Conference 2014 in Philippines. Our previous 7 conferences in China, Thailand, Malaysia and Indonesia were a resounding success, and on this positive note, we continue the primary activity of our esteemed association, The International Association of Organizational Innovation (IAOI). This year, Institutional Sponsor, De la Salle University, Manila, has facilitated an excellent venue and associated social activities to complement the academic exchanges over the next few days. The organising committee, on behalf on Conference Chair, Dr Charles Shieh, is truly appreciative of your willingness to both attend and participate in this conference.

We are greatly encouraged by the attendance of established leaders in the worldwide network of organizational innovation researchers along with many outstanding leaders from the region. We are particularly indebted to our VIPs and organisers of the conference. Please note the contribution of our sponsors as listed in the program, without whom we could not provide such a professional conference. We welcome our internationally reputable Keynote Presenters, and appreciate their dedication to the 2014 ICOI.

We are also fortunate to remind all delegates of our esteemed journal publication, The International Journal of Organizational Innovation (IJOI), under the editorship of Dr Frederick. L. Dembowski. This year, selected best paper nominations from the conference will be published in the journal. Furthermore, esteemed papers from the conference will have the opportunity to be published in leading special edition international journals. This year, we had 181 refereed paper applications, from 22 countries, with 147 acceptances. All papers went through a double-blind review process. We thank all applicants, and congratulations to all who had papers accepted for the conference proceedings. We thank our dedicated reviewers for their concerted scholarly efforts in reviewing the papers.

We do hope you have an enjoyable and enriching experience throughout the conference, and take advantage of the collaborative, friendly and community of advanced scholarship from our international conference. Last but certainly not least, I congratulate our Conference Chair, Professor and Mrs Charles and Vicky Shieh on their marriage earlier this year.

Kind Regards

Dr Alex Maritz

Vice President: The International Association of Organizational Innovation

Associate Professor of Entrepreneurship, Swinburne Business School,
Swinburne University of Technology, Australia)

Education Program Director: BioReactor, ARC Training Centre

amaritz@swin.edu.au

FOREWORD



Welcome to the 2014 ICOI the International Conference on Organizational Innovation. The aim of the 2014 ICOI Conference is to serve as a forum for scholars of the business, education and information disciplines.

This conference, being one of the largest academic meetings ever held in this city, will be a grand gala of growing trend of international meeting. We hope this conference will provide all the global family of industry and engineering professionals in the area of Industrial globalization and Technology Innovation with a meeting to share and exchange research interests and applications.

The 2014 ICOI Conference has been established on a global basis. We have received 181 submissions from Australia, India, Indonesia, Iran, Ireland, Malaysia, New Zealand, Pakistan, Philippines, South Africa, Taiwan and Thailand, and United States.

Each paper submission was peer-reviewed by at least two anonymous reviewers and a total of 147 papers are accepted for presentation in the conference. We would like to express our sincere appreciation to all the reviewers and chairs and members of various committees of the 2014 ICOI Conference for their precious time and expertise.

We hope you enjoy this conference and this city. We are delighted to announced at the 2014 ICOI conference would be held.

Dr. Ridong Hu
Dean and Professor, College of Economics and Finance, Huaqiao
University, China
Address: 362021 Quanzhou City, Fujian Province, China, PRC
Email: j_rdhu@hqu.edu.cn

FOREWORD



Dr. Fernando Cardoso de Sousa holds a Ph.D. and is a professor in Organizational Behaviour; and director of the BsC. in Real Estate Mediation and the M.A. in Human Resource Management, at the INUAF, Loule, Portugal. Founder and director of the Marketing Research Office (GAIM) and the president of the Portuguese association of Management of Innovation and Creativity in Organisations (www.apgico.pt).

He is a speaker in universities and a Business consultant. He is the director of the Academic Cabinet of Research and Marketing (www.gaim.pt). As an author, he has published “A Criatividade como Disciplina Científica” (Creativity as a scientific subject) in Spain, and several articles about business creativity in the magazine of Asocrea, entitled “Creatividad y Sociedad” (Creativity and Society) Guest speaker in universities and companies in Portugal, Brazil, Spain, South Africa, UK and EUA. Author of books and articles on subjects like creativity, innovation, leadership, human resources, psychology and military sociology.

Dr. Fernando Cardoso de Sousa
Portuguese Creativity and innovation Association
Email: cardoso_sousa@hotmail.com

FOREWORD



It is my great pleasure to welcome you to 2014 ICOI, the International Conference on Organizational Innovation and to the beautiful city of life –Manila. Philippines.

. The conference will take place during Aug, 12 to 14; it has always attracted researchers, educators and practitioners of industrial engineering and related disciplines from all over the world.

Participants have found in these meetings an excellent opportunity to share their experiences with colleagues from distance places and often continued to cooperate with them on their subjects of interest. The 2014 ICOI Conference has been established on a global basis. We have received 181 submissions, which are including Australia, China, Czech Republic, Israel, India, Malaysia, Pakistan, Philippines, Russia, Taiwan, Thailand, Turkey and USA. Each Submission was peer-reviewed by at least two anonymous reviewers and a total of 147 papers are accepted for presentation in the conference.

I wish to acknowledge the following individuals who have contributed a great deal to the 2014ICOI conference. Special thanks to the keynote Speakers -1. Dr. Sydney Engelberg, Hebrew University, Jerusalem. 2 Dr. Harold G. Kaufman, Polytechnic Institute of New York University, USA. 3 Dr. Sergey Ivanov, University of the District of Columbia, USA for their valuable time.

Lastly, I would like to express our sincere gratitude to everyone involved in making the joint conference a success. Many thanks go to the organizing committee, keynote speaker and special session organizers, and the organizational committees and reviewers, the conference participants, and of course, to all the contributing authors who will be sharing the results of their research. It is our great pleasure to have you with us at the joint conference, where I hope new ties will be made and existing ones renewed and strengthened. Please accept our best wishes for a wonderful and stimulating stay in Manila. Philippines.

2014 ICOI Conference Chair

Szu-Yuan Sun

Prof. Dr. Szu-Yuan Sun

Director of Library and Information Center

National Kaohsiung First University of Science & Technology, Taiwan,
ROC

FOREWORD



It is my great pleasure to welcome you all in the 2014 International Conference in Organizational Innovation in Philippines .

The Committee of ICOI-2014 has designed a program that I am sure you will find intellectually stimulating, and professionally rewarding.

The significant size of the presented papers of the conference reflects the fact that the organizational innovation issues still and remain important factors to maintain and sustain organizational competitive advantage. We are grateful for this opportunity to organize this conference that disseminating fresh ideas

related to this important issue.

I would like to deliver my sincere thanks the working team from De La Salle University Philippines for their enormous contribution towards the detailed arrangement of this conference.

I also want to thank the kind support of Sponsor Institutes: International Association of Organization (IAOI) USA, Universitas Airlangga Indonesia, De La Salle University Philippines, Chang Jung Christian University of Taiwan, and National Kaoshiung First University of Science and Technology Taiwan; and Co-Sponsor Institutes: Suan Sunandha Rajabhat University Thailand, Huaqian University China, Southeastern Louisiana University of USA, Nanjing Audit University China, Swinburne University of Technology of Australia, and, University Kebangsaan Malaysia. My sincere thanks also goes Dr. Chieh-Jen Shieh for his continuous and great support for this conference.

On behalf of all my colleagues, I would like to offer my best wishes for a successful, stimulating and memorable conference.

Welcome to Manila Philippines !

Sincerely,

Sri Gunawan, DBA.

2014 ICOI Conference Co-Chair,

Head

Department of Management

Faculty of Economics and Business

Universitas Airlangga

Indonesia

FOREWORD



On behalf of the Organizational Committee, I welcome you to the 2014 ICOI- the International Conference on organizational Innovation in beautiful city, Manila. The conference will take place during Aug, 12 to 14; it has always attracted researchers, educators and practitioners of industrial engineering and related disciplines in the world. Participants have found in these meetings an excellent opportunity to share their experiences with colleagues from distance places and often continued to cooperate with them on their subjects of interest.

The 2014 ICOI Conference has been established on a global basis. Exception Taiwan, we have received 181 submissions from 22 countries, each submission was peer-reviewed by at least two anonymous reviewers and a total of 147 papers are accepted for presentation in the conference. Researchers of all five continents of the world, Asia, Europe, America, Australia and Taiwan attend the meeting. Accepted papers are scheduled for presentation in 38 parallel sessions. We would like to express our sincere appreciation to all the reviewers and chairs and members of various committees of the 2014ICOI Conference for their precious time and expertise.

The welcoming dinner provides the opportunity to honor the best papers and to recognize the contributions of many of the people who made this meeting possible. A conference of this size requires the integrated effort of hundreds of volunteers. We would like to take this opportunity to specifically thank Dr. Shieh, Chich-Jen, Dr. Chou, Jyh-Rong, and Dr. Yeh, Shang-Pao who did an outstanding job in organizing these conferences.

Lastly, I would like to express our sincere gratitude to everyone involved in making the joint conference a success. Many thanks go to the organizing committee, 2 keynote speaker and special session organizers, and the organizational committees and reviewers, the conference participants, and of course, to all the contributing authors who will be sharing the results of their research. It is our great pleasure to have you with us at the joint conference, where I hope new ties will be made and existing ones renewed and strengthened. Please accept our best wishes for a wonderful and stimulating stay in Manila, Philippines.

Prof. Jenn-Yang Lin
Department of Creative Product Design and Management
Far East University, Taiwan
2014 ICOI, Conference Chair

FOREWORD



About 6 years ago, when I first attended this former conference named as 2009 International Conference Industrial Globalization and Technology Innovation (2009 ICIGTI) in Xian City of China, I thought I was going to take on the world's broadest and toughest innovation challenges, and it turns out to be worthy of the reputation. From 2010, the conference renamed as the International Conference of Organizational Innovation (ICOI). The purpose of this change is to let conference topic pluralism and to strengthen the exchange of various countries scholar. As a result, in the following years, I never give up the chance to take part in this event, and every time I leave refreshed and inspired. Congratulations on organizing and facilitating such a cutting-edge event every year.

Today, thank all of the people who worked very hard to organize this conference. ICOI is truly provides an excellent summary of the state-of-the-art in modern technology and business management both in terms of the theoretical knowledge of the field and in its practical application to real-world projects.

This year we now have the opportunity to attend and meet again at the 2014 ICOI, Philippines, which will be held in Manila, Philippines on August 12- 14, 2014, hosted by De La Salle University in partnership with ICOI. It is a joint conference organized both by the International Association of Organizational Innovation (IAOI), USA, and the De La Salle University and will bring hundreds of scholars and experts from different countries to get together. This conference offers a great podium for business people, college faculty, graduate students, engineers and practitioners from a variety of background to present and discuss the latest research results, ideas, developments, and applications. This conference will be a key meeting place for all of those involved in the agenda. We look forward to welcoming you.

Dr. Chih Yuan Huang
Professor of Kao Yuan University, Taiwan
Email: t10067@cc.kyu.edu.tw

KEYNOTE SPEAKER



Dr. Sydney Engelberg grew up in South Africa and attended the University of the Witwatersrand (Wits), the Hebrew University in Jerusalem and SUNY/Buffalo.

He is currently on the faculty of the Schwarz Program in Non-profit Management and the Community Leadership and Management Program, both at the Hebrew University; Associate Professor at Gratz College, Philadelphia and the Lander Institute in Jerusalem.

He has been Master of a Residential University College in Sydney, Australia; Founding Director of the Program in Community Psychology at the University of New South Wales, Sydney, Australia; taught at Clarke University, USA and Derby University, England.

Dr. Engelberg has his own consulting company and current and past clients include the World Bank, UNICEF, IBM, Microsoft, Intel and the Neumo-Ehrenberg Group of Companies, amongst others. Dr. Engelberg has published widely and run Marketing and Executive training workshops in Latin America, Europe, Great Britain, Australia, Israel, Canada and the USA.

KEYNOTE SPEAKER



Dr. Harold G. Kaufman is Professor of Management and Academic Director of the Organizational Behavior, Systems and Analytics graduate program in the Department of Technology Management and Innovation at the New York University Polytechnic School of Engineering. He established this graduate program as a unique and pioneering curriculum integrating the management of people, organizations, technology and analytics. He has kept the program, as well as the annual conferences he initiated in Human Capital

Innovation in Technology & Analytics, at the cutting edges of technology in HRIS, talent management, work engagement, human capital engineering and data analytics.

Dr. Kaufman specializes in the study of the utilization, obsolescence and career development of technical professionals. He has reported his research in numerous publications, including three books, the first one receiving recognition as advancing the state of knowledge in the field. Dr. Kaufman's research has been supported by grants from the National Science Foundation and other government agencies as well as from private foundations. He was elected Fellow of the Society of Industrial and Organizational Psychology as well as the American Psychological Association. Dr. Kaufman earned his PhD at New York University in Industrial Psychology. He also holds a Master of Industrial Engineering from New York University and a Bachelor of Mechanical Engineering from the Cooper Union.

Contact Information

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KEYNOTE SPEAKER



Dr. Sergey Ivanov is an Associate Professor of Management at the University of the District of Columbia, School of Business and Public Administration. His research and practice are in the area of designing high-performance organizations, including corporations, military, and government. He received his Ph.D. from The George Washington University's School of Business, working under the direction of Dr. Elliott Jaques on systemic theories in organization science. Dr. Ivanov's interests and works include research and papers in the fields of organizations and societies, Why Organizations Fail,

Accountabilities of Democracies, Organizations for the Battlefield, and Organizational Assessment of the U.S. Department of the Army.

Dr. Ivanov developed new systemic methodology to analyze large organizations rapidly, such as large multi-national corporations and departments of the U.S. federal government. This method enables analysis of work of classified organizations, without learning and revealing the proprietary work nature of these organizations, yet uncovering optimization opportunities. His recent assignments included the U.S. Army Headquarters/Pentagon, Deputy under Secretary of the Army for Business Transformation, and Army CIO/G-6 Business Transformation. In these roles, he advised Army Leadership on organizational design of the U.S. Army organizations. Professor Ivanov has taught management courses at the University of the District of Columbia, as well as at The George Washington University's School of Business for over ten years, and has collaborated with the most respected scholars and authors in the organization science field. Dr. Ivanov is actively engaged with the U.S. and International Standards Boards, and is a voting member of the ANSI/ISO 9000 Committee on Quality Management and Quality Assurance, and InterNational Committee for Information Technology Standards on Database.

Dr. Ivanov enjoys invitations to speak on the topics of management, organizations, and societal changes. He also serves on the Board of The Cambridge Institute for Applied Research. More information about Dr. Sergey Ivanov is available at www.SergeyIvanov.org, where he answers questions on the topics of leadership, society, organizations, and shares his ideas.

ACKNOWLEDAGES



The 2014 ICOI- International Conference on Organizational Innovation was held in De La Salle University, Manila, Philippines.

Manila is the economic and political heart of the Philippines, home to extensive commerce and some of the most historically and culturally significant landmarks in the country, as well as the seat of the executive and judicial branches of the government. Manila is listed as a global city, containing many scientific and educational institutions, numerous sport facilities, and other culturally and historically significant venues. 2014 ICOI brings together the best of this city at Manila to present and have academic discussion. The 2014ICOI conference papers were peer reviewed for technical and editorial content by a dedicated committee of referees. Nearly 147 papers were accepted for oral presentation at 2014 ICOI. These papers were presented in a single track of 30 sessions spanning two days, promoting extended interaction between the various Innovational disciplines. In addition to the contributed papers, 2 invited keynote address : 1. Dr. Sydney Engelberg, Hebrew University, Jerusalem. 2. Dr. Harold G. Kaufman, Polytechnic Institute of New York University, USA 3 Dr. Sergey Ivanov, University of the District of Columbia, USA were given. I also thank all authors and participants for their contributions.

The 2014 ICOI cannot be successful without the full support from many institutes. I would like to thank International Association of Organizational Innovation, Chang Jung Christian University, Department of International Business, Taiwan, De La Salle University, Manila, Philippines, Nanjing Audit University, China, Southeastern Louisiana University, USA, and Swinburne University of Technology, Au. The city of Manila, Philippines has grown to become the political, social and economic center of Indonesia and one of Southeast Asia , you can enjoy gourmet food and different cultures. Moreover , this is a city of order and efficiency. Finally I wish all of you to have a wonderful time in Manila, Philippines. Please let us know if there is anything we can do to make your stay more enjoyable.

Prof. Dr. Shieh, Chich-Jen (Charles)
2014 ICOI, Executive Director
Chang Jung Christian University , Taiwan
Email: Charles@iaoiusa.org

2014 ICOI ORGANIZATION LISTING

Honorable Chairs	
Dr. Fred Dembowski	President of International Association of Organizational Innovation , USA
Dr. Ma. Luisa C. Delayco	Dean of the Ramon V. del Rosario College of Business
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Dr. Indrianawati Usman	Vice Dean of Faculty of Financial and HRD, Airlangga University, Surabaya, Indonesia
Dr. Brian C. Gozun	Professor in the Ramon V. del Rosario College of Business at De La Salle University (DLSU) Manila, Philippines
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T. Aria Auliandri	Department of Faculty of Economics and Business, Airlangga University, Surabaya, Indonesia
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Dr. Yu-Jia Hu	Department of Marketing and Distribution Management Fortune Institute of Technology, Taiwan

2014 The International Conference on Organizational Innovation Agenda

DATE : Aug, 12 2014, Tuesday

LOCATION : De La Salle University, Manila, Philippines

TIME	ACTIVITY	PLACE
08 : 30 – 09 : 00	REGISTRATION	
09 : 00 – 10 : 00	<p><u>Conference Host :</u> Ms. Honorata G. Dimapilis</p> <p><u>Conference Grand Opening Speech :</u> 1. Prof. Dr. Frederick Dembowski, President of International Association of Organizational Innovation. USA 2. Prof. Dr. Ma. Luisa C. Delayc, Dean of the Ramon V. del Rosario College of Business</p> <p><u>Honored VIP Speech :</u> 1. Prof. Dr. Muslich Anshori, Dean of Faculty of Economics and Business, Airlangga University. Indonesia 2. Dr. Sri Gunawan, Head of Department Management, Faculty of Economics and business, Airlangga university, Surabaya Indonesia. 3. Dr. Fernando Cardoso de Sousa, Director of Portuguese Creativity and innovation Association (Apgico). 4. Dr. Alex Maritz: Swinburne University of Technology, Australia 5. Dr. Tomáš Tichý, VŠB-TU Ostrava, Czech Republic 6. Mr. Velu Perumal, University Putra Malaysia, Malaysia 7. Dr. Szu-Yuan Sun, National Kaohsiung First University of Science, Taiwan, ROC 8. Dr. Chih Yuan Huang, Kao Yuan University, Taiwan, ROC</p>	Natividad Fajardo-Rosario Gonzales Auditorium
10 : 00 – 10 : 30	Tea Time and Academic Exchange	
10 : 30 – 11 : 00	<p style="text-align: center;">Keynote Presentation (1) Speaker : Dr. Sydney Engelberg Topic: Decision-Making, Innovation and Organizational Change: A New Paradigm</p>	Natividad Fajardo-Rosario Gonzales Auditorium
11 : 00 – 11 : 30	<p style="text-align: center;">Keynote Presentation (2) Speaker : Dr. Harold G. Kaufman Topic: Innovations in Human Capital Management</p>	
11 : 30 – 12 : 30	<p style="text-align: center;">Keynote Presentation (3) Speaker : Dr. Sergey Ivanov Topic: Necessary Conditions for Innovation in Organizations and Societies</p>	
12 : 30 – 13 : 30	Lunch	Henry Sy, Sr. Hall, 4th floor

DATE : Aug, 12 2014, Tuesday

LOCATION : Yuchengco Seminar Room, Y507

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 1.1 13 : 30 14 : 50	Chair : Dr. Alex Maritz, Swinburne University of Technology, Australia	
	1. 14R-A58: Houseprices and bank lending in Indonesia	Rahmat Heru Setianto Indonesia
	2. 14R-A35: The Impact of Learning Culture and Commitment on the Corporate Performance	Andreas Budihardjo, Indonesia
	3. 14R-A81: Analysis and Forecasting of Bankruptcy Potential Using Multiple Discriminant Analysis and Double Moving Average on PT. Bakrie Telecom, Tbk Year 2013.	Norita Indonesia
	4. 14R-A87: The influence Analysis of CAR, OER and LDR to ROA using Panel Data Regression Model (Case Study on Commercial Banks listed on the Indonesia Stock Exchange Period 2008-2011)	Irni Yunita Indonesia
	5. 14R-122: Senior Entrepreneurship: Active Ageing and Extending Working Lives	Alex Maritz Australia
14 : 50 15 : 00	Tea Time	
Session 1.2 15 : 10 16 : 30	Chair : Dr. Tri Siwi Agustina, Airlangga University, Indonesia	
	1. 14R-A08: Students' Entrepreneurial Intention in Indonesia	Dyah Sawitri Indonesia
	2. 14R-A54: Innovative Female Entrepreneur: Intellectual Capital Based Family Business in the Digital Era Journal Human Resources	Mustika Amalia Wardaty, Indonesia
	3. 14R-A75: Assessing Entrepreneurial Attitude Among Undergraduates	Jenny Lukito Setiawan Indonesia
	4. 14R-132: Identifying Sustainable Manufacturing Strategy Infrastructural Decisions under Firm Size Influence Using a Hybrid Approach	Eppie Clark, Philippines
	5. 14R-A71: An Overview of Innovative Behavior and Entrepreneurial Success of Chinese Women Traders in Surabaya	Tri Siwi Agustina, Indonesia
18 : 00	Welcoming Dinner	Henry Sy, Sr. Hall, 4th floor

DATE : Aug, 12 2014, Tuesday

LOCATION : Yuchengco Seminar Room, Y508

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 2.1 13 : 30 14 : 50	Chair : Dr. Tomáš Tichý, VŠB-TU Ostrava Czech Republic	
	1. 14R-A04: Application of Linear Programming in Products Combination Planning to Maximize Profit	Paskah Ika Nugroho Indonesia
	2. 14R-A11: SWOT Analysis and Ife Efe Matriks of the Small Loans in Bri Ciputat and Mandiri Sharia Bank Ciputat	Amalia, Indonesia
	3. 14R-A13: Analysis of Corporate Social Responsibility, Foreign Ownership and Stock Return	Mutamimah Indonesia
	4. 14R-A22: Analysis of Different Interests in Family Financial Planning in Greater Jakarta	Benedicta Evienia P Indonesia
	5. 14R-A80: Relationship between Macroeconomic Factors and Stock Price Position Oo Real Estate and Property Companies at IDX Period 2010 – 2013	Purwanto Indonesia
	6. 14R-098: Comparison of Market Risk Models With Respect to Suggested Changes of Basel Accord	Tomáš Tichý, Czech Republic
14 : 50 15 : 00	Tea Time	
Session 2.2 15 : 10 16 : 30	Chair : Dr. Fitri Ismiyanti , Airlangga University, Indonesia	
	1. 14R-A33: The Influence of Corporate Governance toward Financial Risk Disclosure	Luluk Muhimatul Ifada Indonesia
	2. 14R-A45: The Effect of Net Income and Cash Flow Total to the Company Value, in the Property and Real Estate Company Listed on the Indonesia Stock Exchange during the Period 2008-2011	Aneu Kuraesin RS Indonesia
	3. 14R-A49:Different Analysis of Mutual Fund Proportions In Bond Investments Before And After The Income Tax Rate Increase In Interest Bonds of Mutual Fund Investments In Mutual Funds Company Listed In The Otoritas Jasa Keuangan Period of 2009-2012	Okta Sindhu Hartadinata Indonesia
	4. 14R-A63: Capital Market Co-integration in Five ASEAN Countries Pre and Post of the Global Financial Crises	I Made Surya Negara Sudirman, Indonesia
	5.14R-A52: Political Risk Indicators and the Effect of Foreign Direct Investment in Indonesia	Fitri Ismiyanti Indonesia
18 : 00	Welcoming Dinner	Henry Sy, Sr. Hall, 4th floor

DATE : Aug, 12 2014, Tuesday

LOCATION : Yuchengco Seminar Room, Y509

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 3.1 13 : 30 14 : 50	Chair : Dr. Fernando Cardoso de Sousa, The Portuguese Association for Creativity and Innovation, Portugal	
	1. 14R-A82: Application of Freedom of Contract Principle Agreement in Indonesia Business Environment	Aris Armuninggar Indonesia
	2. 14R-A73: An Analysis of the Efforts to Achieve Green Hotel Management Standard by Using the Analytical Hierarchy Process Methods at Majapahit Hotel Surabaya	Tuwanku Aria Auliandri Indonesia
	3. 14R-A85: Entrepreneurial Intention among Undergraduate Students: Theory of Planned Behavior Perspectives and the Role of Personality	Jovi Sulistiawan Indonesia
	4. 14R-A92: The Antecedence of Entrepreneurial Achievement	Intan Astriyana Febrica Indonesia
	5. 14R-061: Using Creative Problem Solving (Cps) To Improve Efficiency in A Non-Profit Organization	Fernando Cardoso de Sousa, Portugal
14 : 50 15 : 00	Tea Time	
Session 3.2 15 : 10 16 : 30	Chair : Dr. Dwi Ratmawati , Airlangga University, Indonesia	
	1. 14R-A01: Human Resources Management Strategy as an Effort to Improve Innovation in Organizations	Purnamie Titisari Indonesia
	2. 14R-A02: Independent People Empowerment National Program (Pnpm Mandiri) As A Model of Poverty Alleviation (A Study on Strategic Human Resource Empowerment)	Marno Nugroho, Indonesia
	3. 14R-A16: Dominant Factor Affecting Marketing Employee Discipline in Publishing Company	Astadi Pangarso, Indonesia
	4. 14R-126: On Fuzzy-ANP Approach in Developing Sustainable Manufacturing Strategy Structural Decisions under Firm Size Influence	Lanndon Ocampo Philippines
	5. 14R-A19: The Role of Safety Knowledge and Safety Motivation as Intervening Variable on the Influence of Safety Climate to Safety Performance. Study on Operational Employees of Production Department in "PT Dok Shipyard" Surabaya	Dwi Ratmawati, Indonesia
18 : 00	Welcoming Dinner	Henry Sy, Sr. Hall, 4th floor

DATE : Aug, 12 2014, Tuesday

LOCATION : Yuchengco Seminar Room, Y408

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 4.1 13 : 30 14 : 50	Chair : Dr. Frederick Dembowski, President of International Association of Organizational Innovation, USA	
	1. 14R-A29: Quality Assurance Implementation in Higher Education to Strengthen the Innovation Strategy in Facing Globalization: A Case Study	Rorim Panday, Indonesia
	2. 14R-A30: Elderly Empowerment through local potential based Onislamic Boarding School (A Study at the AlMahalli Elderly Islamic Boarding School, Yogyakarta Indonesia)	Nurus Sa'adah Indonesia
	3. 14R-A91: The Study of Work Quality with Affirmative Policy, Organizational Culture, LMX and Diversity as Antecedent Variables	Amaliyah Indonesia
	4. 14R-A72: International, Industri Diversification and Value of the Manufacture Firm in Indonesian Stock Exchange	Windijarto Indonesia
	5. 14R-A77: Herding Behavior in Indonesia	Puput Tri Komalasari Indonesia
14 : 50 15 : 00	Tea Time	
Session 4.2 15 : 00 16 : 30	Chair : Dr. Frederick Dembowski, President of International Association of Organizational Innovation, USA	
	1, 14R-A46: Identified Income Smoothing Factors Drivers on Indonesian Manufactures Companies	Dista Amalia Arifah Indonesia
	2. 14R-A50: Women Spectator Consumption on Football Matches: Aremanita of Malang City	Radityo Handrito , Indonesia
	3. 14R-A56: Experimental Study: Analysis Relationships Retail Type, Brand Name and Product Quality with Gender and Product involvement as a moderator variable	Sri Hartini Indonesia
	4. 14R-A65: The Role of Individualism of Indonesian Consumers in Online Negative Word-Of-Mouth	Dien Mardhiyah Indonesia
	5. 14R-A42: The Effect of Customer Enduring Travel Involvement on Destination Brand Equity of KOTA BATU	Masmira Kurniawati Indonesia
18 : 00	Welcoming Dinner	Henry Sy, Sr. Hall, 4th floor

DATE : Aug, 12 2014, Tuesday

LOCATION : Yuchengco Seminar Room, Y409

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 5.1 13 : 30 14 : 50	Chair : Dr. Sergey Ivanov, University of the District of Columbia, USA	
	1. 14R-048: Language Learning for Fun: Scaffolding Strategies for the Elder People	Kuei-Chiu Chang Taiwan
	2. 14R-A40: The Influence of Critical Success Factor of Quality Management to Total Quality Management Proliferation	Hesti Maheswari Indonesia
	3. 14R-A48: The Logistic System and Concept of Archipelago Logistics in Indonesia	Puspandam Katias, Indonesia
	4. 14R-A78: Efficiency Improvement in Drugs Inventory Management	Yetty Dwi Lestari Indonesia
	5. 14R-033: Associations: A Hidden Side of All Organizations	Sergey Ivanov, USA
14 : 50 15 : 00	Tea Time	
Session 5.2 15 : 10 16 : 30	Chair : Dr. Sony Kusumasondjaja , Airlangga University, Indonesia	
	1. 14R-A14: Why She Travels?	Theda Renanita Indonesia
	2. 14R-080: Determining the Factors that influence most the Filipino Purchasing Behavior towards High-end Electronic Products	Anthony Paul C. Villamor, Philippines
	3. 14R-A69: Kangean New Exclusively International Transit Airport with Mini Indonesian Concept as a Solution of Irregularity Indonesian Air Transport and Improve Hospitality and Tourism Management	Erisa Adestya Indonesia
	4. 14R-A70: Business Success in terms of the Spirit of Entrepreneurship and Creativity (Survey on the Craftsmen of Angklung Souvenir and Angklung in Saung Angklung Udjo Neighborhood Bandung West Java)	Raeni Dwi Santy Indonesia
	5. 14R-A74: Consumer Dissatisfaction, Altruism and Online Complaining Behavior in Twitter: The Roles of Severity and Service Types	Sony Kusumasondjaja, Indonesia
18 : 00	Welcoming Dinner	Henry Sy, Sr. Hall, 4th floor

DATE : Aug, 12 2014, Tuesday

LOCATION : Br. Andrew Gonzales Building, A1403

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 6.1 13 : 30 14 : 50	Chair : Dr. Sydney Engelberg Hebrew University Jerusale, Israel	
	1. 14R-097: The Impact of Corporate Governance on Firm Performance on stock price Among Publicly Listed Companies in the Philippines 2009 to 2011	Habib Mohammadpoor, Iran
	2. 14R-A27: The Effects of Potential and Realized Absorptive Capacity on Suppliers' Performance: The Moderating Effect of Empowerment Climate	Badri Munir Sukoco Indonesia
	3. 14R-A60: The Influence of Foreign Institutional Ownership and Domestic Institutional Ownership to Stock Market Liquidity (Study in Manufacturing Industry Listed in Indonesia Stock Exchange)	Muhammad Madyan Indonesia
	4. 14R-A51: The Role of People's Business Credit in Improving Micro and Small Enterprises (MSEs) Performance in Makassar, Indonesia	Musran Munizu Indonesia
	5. 14R-A67: Historical Performance and characteristic of Mutual Fund	Wisudanto Indonesia
14 : 50 15 : 00	Tea Time	
Session 6.2 15 : 10 16 : 30	Chair : Dr. Indrianawati , Airlangga University, Indonesia	
	1. 14R-A17: Entrepreneurship Theory	Y. Lilik Rudianto Indonesia
	2. 14R-085: Descriptive Analysis of the Attitude, Behavior, and Satisfaction of the Professors of the Ust Faculty of Pharmacy towards Work	Carla Melissa A. Garcia, Philippines
	3. 14R-A18: Tranformational Leadership and Task Performance: The Mediating Role of Psychological Empowerment	Praptini Yulianti Indonesia
	4. 14R-A10: A Comparison Study on the Potential and Problems of Small and Large Scale Processed Coffee Businesses in Jember Regency	Isti Fadah Indonesia
	5. 14R-A84: Investigation of Factors that Affect Customers Do Not Re-Purchase the Original Product Component with Root Couse Analysis	Indrianawati Indonesia
18 : 00	Welcoming Dinner	Henry Sy, Sr. Hall, 4th floor

DATE : Aug, 12 2014, Tuesday

LOCATION : Br. Andrew Gonzales Building, A703

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 7.1 13 : 30 14 : 50	Chair : Dr. Harold G. Kaufman, NYU Polytechnic School of Engineering, USA	
	1. 14R-101: Study on the Interdisciplinary Performance and Exhibition Design Incorporating Folk Imagery	Chung-Ting Hsu Taiwan
	2. 14R-092: Operational Factors Influencing the Elders' Use of Multi-media Kiosk Interfaces	Shen Yu-Che, Taiwan
	3. 14R-090: A Study of Customized Shoe Last Design for Patients with Diabetes,	Bo-Xin Huang, Taiwan
	4. 14R-094: Preferred bicycle type for young user's analysis by AHP	Bing-Hsuan Wu, Taiwan
	5. 14R-091: Customized Product Development Process - Design of Circumaural Headphones as an Example	Zi-Lin Zhan, Taiwan
14 : 50 15 : 00	Tea Time	
Session 7.2 15 : 10 16 : 30	Chair : Hermawanto , Airlangga University, Indonesia	
	1. 14R-046: Impact of Organized Retailing on Unorganized Small Traders in Salem District: An Empirical Study	C. Natarajan, India
	2. 14R-A21: Greening Management Practices, Process & Product as the Antecedents of Green Firm Performance Empirical Evidences from LSE (Large Scale Enterprises) in Indonesia	Hamonangan Siallagan, Indonesia
	3. 14R-A36: SWOT analysis on global competitiveness of Industrial Center of Chips in West Java Indonesia	Mutia Tri Satya, Indonesia
	4. 14R-A79: The Role of Competence and Supply Chain Integration in Operational Performance	Baling Kustriyono Indonesia
	5. 14R-A76: Managing the Innovative Organization: The strategy-Structure- System- Culture- Style Equifinality-Based Fit Configuration	Hermawanto Indonesia
18 : 00	Welcoming Dinner	Henry Sy, Sr. Hall, 4th floor

DATE : Aug, 12 2014, Tuesday

LOCATION : Br. Andrew Gonzales Building. A1703

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 8.1 13 : 30 14 : 50	Chair : Dr. K.K. Rajendran, Bharathidasan University, South India	
	1.14R-A09: Marketing of Science: Exploration the Long Term Effect of Innovative Teaching Learning	Gancar C Premananto Indonesia
	2.14R-A26: Usage of It Services In Higher Education Management for Innovation Strategy: A Case Study	John Tampil Purba Indonesia
	3.14R-A64:Inter-generational Conflict within a Small Scale Rice Milling Family Firm (A Case Study)	Andiana Rosid Indonesia
	4. 14R-A88: Effect of Promotion Mix to Purchasing Decisions (A Case Study in consumer Agung Samudra Abadi)	J.E.Sutanto Indonesia
	5.14R-081: Interpersonal Orientation and Stress Management of Higher Secondary Students	K.K. Rajendran, South India
14 : 50 15 : 00	Tea Time	
Session 8.2 15 : 10 16 : 30	Chair : Dr. Masmira Kurniawati, Airlangga University, Indonesia	
	1. 14R-052: Communication as Mechanism against Crisis: A Semiotic Approach on What Managers - Should Learn From Habermas Theory of Communicative Action	Marvin S. Daguplo Philippines
	2. 14R-083: Job Satisfaction and Life Satisfaction among B.T. Assistant Teachers	K.K. Rajendran, South India
	3.14R-A62: The Analysis of Reward, Human Resources Quality, Working Environment, Commitment, and Employees' Performance of the Technical Services Unit (TSU) of Methal, Food – Beverage & Packaging Industries in East Java Province	Prijati Indonesia
	4. 14R-A93: Effect of Brand Image, Quality Service and Customer Satisfaction to Customer Loyalty PC Master (Case Study of Computer Distributors of Brand Dell In Surabaya)	J.E Sutanto Indonesia
	5. 14R-A89: The Management of Non Government Organization Program for Poor Children with Special Needs. Case Study of Peduli Kasih Anak Berkebutuhan Khusus in Surabaya	Hadiati, Indonesia
18 : 00	Welcoming Dinner	Henry Sy, Sr. Hall, 4th floor

DATE : Aug, 12 2014, Tuesday

LOCATION : Rosario Jose Science Lecture Room, J504

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 9.1 13 : 30 14 : 50	Chair : Dr. Raymund Habaradas, De La Salle University, Philippines	
	1. 14R-A25: Management Career, Organizational Commitment and Turnover Intention	Nuri Herachwati, Indonesia
	2. 14R-A23: Ownership Concentration, Firm Characteristics and Dividend Policy of Family Controlled Firms in Indonesia	I Made Sudana Indonesia
	3. 14R-A37: Applying Analytic Hierarchy Process to Categorise Supply Risks in the Palm Oil Chain	Siti Fatimah Indonesia
	4. 14R-A47: Are there enough Controls on SMEs to support Good Corporate Governance?	Yuniarti Hidayah Suyoso Putra Indonesia
	5. 14R-127: Deal Sites and its Role on Small and Medium Enterprises (SMEs) Sales Turnover	Emilina R. Sarreal, Philippines
14 : 50 15 : 00	Tea Time	
Session 9.2 15 : 10 16 : 30	Chair : Dr. Brian Gozun, De La Salle University, Philippines	
	1. 14R-065: Innovative Aspects of Tourism Sector Modernization of the Crimea as a Tool for Integration of the Economy of the Peninsula in the Economic Space of Russia in the Context of Historical Specificity of Sectorial Development of the Region	Ekaterina V. Andreeva, Russia
	2. 14R-124: The Three Factors of Creativity Management: Visual, Number and Word Creativity	Junius W. Yu, Philippines
	3. 14R-A53: The Importance of Organizational Culture on Intellectual Capital	Dian Indiyati Indonesia
	4. 14R-A57: Innovative Control Systems, Top Management Team Heterogeneity and Performance of University	Sondang Mariani Rajagukguk Indonesia
	5. 14R-A68: The Influence Marketing Innovation and Organizational Innovation, to Strategic Innovation, Diffusion Innovation and Market Differentiation, to Market Outstanding Performance, and Organizational Sustainability: A Resource-Based View Perspective of Indonesian Banking Industry	Maria Mia Kristanti Indonesia
18 : 00	Welcoming Dinner	Henry Sy, Sr. Hall, 4th floor

DATE : Aug, 12 2014, Tuesday

LOCATION : Faculty Center Conference Room AB4

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 10.1 13 : 30 14 : 50	Chair : Dr. Aida L. Velasco, De La Salle University, Philippines	
	1. 14R-130: The Passport: Is It Subject To Confiscation?	Antonio A. Ligon, Philippines
	2. 14R-A32: World Trade Organization (WTO) and Economic Growth. The Impact of Joining WTO on Indonesia's Economy. An Econometric Modeling Approach	Wilson ajagukguk Indonesia
	3. 14R-A39: The Balance Social Enterprise Spectrum on Csr Agenda in Supporting Arts	Daryanto Hesti Wibowo Indonesia
	4 14R-A59: The Effect of Determination of Government Regulation Number 46 of 2013 on Individual Tax Compliance Rate Resident Taxpayer	Lina Said Indonesia
	5. 14R-A61: Readiness of Indonesian SMEs in Facing AEC	Roos K. Andadari Indonesia
	6. 14R-131: Innovation in Filipino Firms	Aida L. Velasco Philippines
14 : 50 15 : 00	Tea Time	
Session 10.2 15 : 10 16 : 30	Chair : Dr. Divina Edralin, De La Salle University, Philippines	
	1. 14R-A15: The Antecedent of Trust in Relationship Marketing in Non Profit Organizations	Tanti Handriana Indonesia
	2. 14R-A43: How Knowledge Management is applied in Planning Board of Public Services in Central – East Java And West Nusa Tenggara Provinces – Indonesia	I Made Sutarna Indonesia
	3. 14R-A31: The Impact of Performance of Human Resources and Information Technology in Company Retail with Information Technology as a Moderating Variable: Swalayan Surya	Indro Kirono, Indonesia
	4. 14R-A44: Application of Colloquium Exploratory-based Learning Method in Introduction to Business Course in Department of Management, Faculty of Economics and Business, Universitas Airlangga, Indonesia	Febriana Wurjaningrum Indonesia
	5. 14R-125: Innovation Management through an Entrepreneurial Lens: The Case of Two Filipina Pioneering Entrepreneurs from Naga City	Divina Edralin, Philippines
18 : 00	Welcoming Dinner	Henry Sy, Sr. Hall, 4th floor

DATE : Aug, 13 2014, Wednesday

LOCATION : Yuchengco Seminar Room, Y507

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 1.3 09 : 00 10 : 20	Chair : Dr. Alex Maritz, Swinburne University of Technology, Australia	
	1. 14R-107: The Effects of Social Support and Organizational Support on The Relationships between Emotional Labor And Job Performance	Chuan-Ya Huang Taiwan
	2. 14R-109: The Effects of Public Worker's Job Satisfaction, Perceived Pension Fairness, And Work Motivation on Job Performance	Yen-Chia Chen Taiwan
	3. 14R-114: A Exploratory Study on Creativity And Management of Social Entrepreneurs In Taiwan- An Example Of El Patio Del Cielo And Town Way	Luke H. C. Hsiao, Taiwan
	4. 14R-115: A Study on Stakeholders' Knowledge Of Policy Announcement And Identification to Twelve-Year Compulsory Education Program -Examples of Junior High Schools In Kaohsiung City	Luke H. C. Hsiao, Taiwan
10 : 20 10 : 30	Tea Time	
Session 1.4 10 : 30 12 : 00	Chair : Dr. Hong-Cheng Liu, I-Shou University, Taiwan, ROC	
	1. 14R-075: Student' Reactions on the Use of Basic Chinese Mandarin as an Instructional Material for Foreign Language	Ecalnir, Rosa Adelaida Chan, , Philippines
	2. 14R-086: Personality factors of the successful innovative activity	Sergey Yagolkovski Russia
	3. 14R-121: Innovative Instruments of University Competitiveness Increasing: Strategy of Intelligent – Marketing	Denis Ushakov, Thailand
	4. 14R-129: Technology Innovation and Entrepreneurship in Australia: A Systematic Literature Review and Conceptual Framework	George Shafik Australia
	5. 14R-116: Critical Success Factors In Public Sectors Practicing Knowledge Outsourcing	Hong-Cheng Liu, Taiwan
	Return	

DATE : Aug, 13 2014, Wednesday

LOCATION : Yuchengco Seminar Room, Y508

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 2.3 09 : 00 10 : 20	Chair : Dr. Ying-Jye Lee, Kaohsiung University of Applied Sciences, Taiwan	
	1. 14R-077: An Extension-Based Innovative Design of Labor-Saving Mop	C.T. Wu, Taiwan
	2. 14R-088: An Evaluation Model for Product Aesthetic Measures Constructed by Aesthetic Principles of Balance	Chi-Hung Lo, Taiwan
	3. 14R-089: A Pilot Study of Design Strategies and Trends of Assistive Devices for the Elderly	Yi-Chu Shih Taiwan
	4. 14R-111: A Study Affective Factor Selection using CA & PA for Kansei Engineering	Wang, Tsung-Hsing Taiwan
	5. 14R-096: Exploring Evaluation Factors of Cultural and Creative Products – Take Anping Sword Lion in Taiwan as an example	Ying-Jye Lee, Taiwan
10 : 20 10 : 30	Tea Time	
Session 2.4 10 : 30 12 : 00	Chair : Dr. Shang-Pao Yeh, I-Shou University, Taiwan, ROC	
	1. 14R-043: An Empirical Study of The Relationships between Attribution of Success and Failure in Teaching, and Teaching Self-Efficacy of Physical Education Teachers at Junior High Schools	Chiou-Chi Hsiau, Taiwan
	2. 14R-049: Recreation Motivation and Experience of 2013 Taiwan Balloon Festival	Shang-Chang Ting, Taiwan
	3. 14R-063: Analyzing the Importance of Emotional Intelligence in Workplace Performance	Abdul Samad Pakistan
	4. 14R-106: Testing measurement invariance across gender for the section of tangibles of SERVQUAL Scale for Taiwan Retail Chain Stores Business	Yu-Jia Hu Taiwan
	5. 14R-117: Foundations of Aesthetics and Character Education in Early Childhood Education	Mei-Ju Chou Taiwan
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DATE : Aug, 13 2014, Wednesday

LOCATION : Yuchengco Seminar Room, Y509

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 3.3 09 : 00 10 : 20	Chair : Dr. Chou, Jyh-Rong , I-Shou University, Taiwan, ROC	
	1. 14R-035: A Study on the Application of Concurrent Design Strategy on Hair drye	Wei-Chun Chen, Taiwan
	2. 14R-036: Concurrent Design Strategy in Modeling and Structure of Surveillance Cameras Research	Zhi-Wei Liao, Taiwan
	3. 14R-037: Concurrent Design Strategy in Video Event Data Recorder	Wei-Jhin Jhao, Taiwan
	4. 14R-038: Studying the Effects of the Airflow Induced by Office Ceiling Fans on the Ventilation of a Human Body	Hsin-Hung Lin, Taiwan
	5. 14R-095: A Su-Field Enhanced Concept Mapping Diagram for Generating New Product Ideas	Chou, Jyh-Rong, Taiwan
10 : 20 10 : 30	Tea Time	
Session 3.4 10 : 30 12 : 00	Chair : Dr. Shu-Hen, Chiang , Chung-Yuan Christian University, Taiwan, ROC	
	1. 14R-073: Attributes of Employees of Generation X and Y in IT Industries in Karnataka-India	ShammyShiri, India
	2. 14R-100: A Study on the Continuous Intention of Group Buying through Facebook Communities	Chia-Pin Lee, Taiwan
	3. 14R-118: Facilitating Design-led Innovations in SMEs	Kim C. K. Lee Taiwan
	4. 14R-119: Exploring the Competitive Strategies of Tourism and Leisure Industry in Taiwan	Hsiang-Ting Su Taiwan
	5. 14R-041: The Sources of Inflation in Rural China	Shu-hen, Chiang, Taiwan
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DATE : Aug, 13 2014, Wednesday

LOCATION : Yuchengco Seminar Room, Y408

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 4.3 09 : 00 10 : 20	Chair : Prof. Jenn-Yang Lin, Nan Hua University, Taiwan, ROC	
	1. 14R-060: The Line Brand: A Case Study Combining Social Cognitive Theory , and Social Media Brand Word of Mouth	Szu-Yuan Sun, Taiwan
	2. 14R-072: Effect of Knowledge Management Practices on Organizational Performance: A Case of Corporate Sector Islamabad, Pakistan.	Muhammad Arif Pakistan.
	3. 14R-070: Safety Learning System to Cram School	Shu-Rung Lin, Taiwan
	4. 14R-120: Commercialisation of University Technology Research.	Benjamin Hempel Australia
10 : 20 10 : 30	Tea Time	
Session 4.4 10 : 30 12 : 00	Chair : Dr. I-Ying Chang, Chung Hua University, Taiwan, ROC	
	1. 14R-034: Innovative Productions of Computer Base Television	Sedat Cereci , Turkey
	2. 14R-067: Antecedents of Job Satisfaction – Pakistan Perspective	Jamshid Khattak, Pakistan
	3. 14R-071: Management System for the Implementation of Dynamic Spectrum Access for Wireless Networks in Pakistan	Zulqarnain Zahid Pakistan,
	4. 14R-112: A Proposal of Research - The Influence of Pingxi Sky Lantern Festival on Local Marketing	I-Ying Chang, Taiwan
16 : 30	Return	

DATE : Aug, 13 2014, Wednesday

LOCATION : Yuchengco Seminar Room, Y409

De La Salle University, Manila, Philippines

Time	Topic of Seminar	Country/Region
Session 5.3 09 : 00 10 : 20	Chair: Dr. Chih Yuan Huang, Kao Yuan University, Taiwan, ROC	
	1. 14R-076: Using DEA Model to Analysis the Operational Efficiency of Medical Centers in Taiwan	Ching-Kuo Wei Taiwan
	2. 14R-102: Development of a Kinesthetic Learning System for Schoolchildren's Baseball Learning	Sheng-Wen Hsieh Taiwan
	3. 14R-108: The effects of Leisure Attitude on the Relationships between Job Stress and Job Performance	Hao-Ren Yang Taiwan
	4. 14R-123: Acceptability and Capability of the Energy Consumption Monitoring System: Basis for Efficient Saving Scheme	Richard M. Pabelona, Bacolod City
	5. 14R-079: Supplementing Government Strategies toward Low Total Fertility Rate in Taiwan	Chih Yuan Huang Taiwan
10 : 20 10 : 30	Tea Time	
Session 5.4 10 : 30 12 : 00	Chair: Dr. Wan-Yu Chang, Taiwan Shoufu University, Taiwan, ROC	
	1. 14R-020: The Direct and Indirect Effects of Customer Focus on Performance in Public Firms	Zulnaidi Yaacob, Malaysia
	2. 14R-103: Successful Teams are built to Last: An Insight to Team Leadership	Shamaila A. Chaudhry USA
	3. 14R-105: Inspecting the Dilemma over Taiwan Cinemas from the Aspect of Filmmaking - the examples of Cape No.7 and Seediq Bale	Ying-Jye Lee, Taiwan
	4. 14R-110: The Research on the Development Strategies and Economic Benefits of Operating the Kaohsiung Exhibition Center	Wan-Yu Chang, Taiwan
16 : 30	Return	

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**The Influence of Foreign Institutional Ownership and Domestic
Institutional Ownership to Stock Market Liquidity
(Study in Manufacturing Industry Listed in Indonesia Stock Exchange)**

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Abstract

This research was conducted to determine the influence of structure ownership, foreign institutional ownership, and domestic institutional ownership, from stock market liquidity control variable in this research are return volatility, and size measure by market capitalization. This research utilizes a quantitative approach applying statistical tools in the form of multiple linear regressions. This study also employs secondary data from manufacture firms which fulfills the requirement and listing in Indonesia Stock Exchange from 2009-2010.

The result of this study concludes that foreign institutional ownership has a significant negative impact on stock market liquidity which is measured by depth and also has a significant positive influence on market liquidity which is measured by relative spread. The second result of this study is that domestic institutional ownership has a significant negative influence on stock market liquidity measured by depth but domestic institutional ownership measured by relative spread that hasn't held significant influence on stock market liquidity. The control variable has varied influence on stock market liquidity.

Keywords:

foreign institutional ownership, domestic institutional ownership, return volatility, size, market capitalization, stock market liquidity, depth, relative spread.

1. Introduction

Status of one country's market can be classified into two based on Financial Times Stock Exchange (FTSE Group)—one of the world's leading business news and information accuracy recognized for providing economic and financial data, namely the developed markets and emerging markets. Developed markets are known for markets of developed countries which are presumed to have highly developed and thus managed a lower risk. While emerging markets are known for market of developing countries which projects higher growth (Mody, 2004: 3).

One distinctive difference between its statuses is a matter of financial market liquidity. As we know, the emerging markets are not as volatile as developed markets. Lack of liquidity is considered as a key factor amid the soaring volatility of emerging markets, thus becoming a significant obstacle in the development of financial markets.

Disclosing domestic financial markets to global investors is part of the overall financial liberalization policies. It is expected to improve liquidity in the domestic market, as Stulz describes (1999a, b), a large participation of international financial institutions will increase the liquidity of the domestic market through better information disclosure. Thus, securities trading become more dynamic.

Although several studies have been conducted to assess the liquidity of emerging markets, research on the relationship of liberalization of financial markets with liquidity is still limited. Levine and Zervos (1998) and Bekaert et al. (2002) demonstrates that liquidity measured by the ratio of trade to GDP value upon trading value of the market capitalization has displayed an increase following the capital markets liberalization in developing countries. The latest study, Bekaert et al (2007) demonstrated a positive effect of the level of openness to foreign investors to the liquidity in the capital markets of developing countries. This study takes into account the impact of the financial markets liquidity in emerging markets. Although the study does not include the impact real foreign trade liquidity, the relationship between foreign engagement and greater liquidity explains the economic success following market liberalization. For instance an increase in private investment (Henry, 2000) helps to reduce the cost of capital and promotes greater economic growth.

However, instead of contributing to positive influence, foreign capital inflow must also takes into account the risk of mobility over the flow of fund that can cause an extreme volatility for emerging markets. Recently, the proportion of foreign ownership in Indonesian capital market is still in the range between of 60% which directly or indirectly will be affecting the potential of the Indonesian capital market shock.

Research carried by Michael J. Schill (2006) mentions that the emerging markets, such as Indonesia, plays important roles in increasing international portfolio, which in turn will lead to the prospects of investment growth, the high average returns, high volatility and low correlation between emerging markets and developed markets.

Indonesia's economy itself is generally quite stable and secure. This is evident from the growth of the GDP (*Gross Domestic Product*) in the third quarter 2011, which is stable in the range of 6.5% year on year, or 3.5% from the previous quarter (www.bps.go.id). This condition is also supported by an increase in CCI (*Consumer Confidence Index*), indicating an increase in consumer confidence towards national economy. GDP growth is largely

supported by trade and consumption. Throughout the third quarter of 2011 household consumption grew 2.7% in Indonesia, government consumption grew 0.2%, investment grew 1.7%, exports grew 8.3%, and imports grew 5% (www.bps.go.id). These conditions suggest the potential for an increase in aggregate demand and encourage business expansion and increased demand for loan funds.

This condition is sustained by the rise of Indonesia's rating to investment grade in the end of 2011. This achievement will certainly increase the flow of foreign capital into Indonesia. Indonesian capital market, especially in connection with the market equity, becomes the object of which requires interesting insight because it shows the transactions of foreign investors by 30% in each of the daily trading volume and stock ownership by foreign investors accounted for 63% of the shares listed on the Indonesia Stock Exchange.

The increase of foreign investor confidence more or less brings affect to the level of trust and participation of domestic investors in the Indonesian capital market. Fundamentally, foreign investors and domestic investors possess different characteristics and motivations (Douma et al., 2002). However, domestic institutional ownership has characteristics similar to institutional ownership as domestic institutional ownership has no special distinctive characteristic like those of foreign institutional ownership. This occurs due to the cluster of ownership structure as Zhekadescribes (2005), the ownership structure is composed of foreign holdings, stock ownership by managers, large institutions ownership, stock ownership by managers, and government ownership. Therefore, this study encompasses the common understanding between domestic institutional ownership and institutional ownership. The influence of institutional ownership on stock liquidity is driven further by the influence of their stock prices trading behaviour and practice (Sarin and Shastri, 2000). Unlike the foreign institutional ownership that is more familiar with information towards market or possess information in connection with shares where traders are lack of. Institutional ownership performs trade for informational matter only. Chakravarty (2001) discovers that a medium-scale trading is conducted by institutions which report result to unequal cumulative prices. This could result in increased costs that will reduce information asymmetry.

Based on the occurrence mentioned, researchers want to conduct a study to determine how the influence of foreign institutional ownership and domestic institutional ownership towards Indonesian capital market liquidity during the period 2009 to 2010. The background of this research is the existence of a previous study conducted by Rhee and Wang (2008) which examines the relationship of foreign institutional ownership and liquidity of capital markets in Indonesia in the period of 2002 to 2007, where the results show that foreign ownership has a negative impact towards capital markets liquidity in the future. 10% increase in foreign institutional ownership is equal to 2% increase in the bid-ask spread, a 3% decrease in depth, and a 4% increase in price sensitivity for the following month.

Referring to previous studies result, there are differences in this study, among others, author would like to re-examine the results of previous studies. Adding domestic institutional ownership variable as independent variables instead of foreign institutional ownership, is an effort to renew the discourse included in this study. Then regarding the time period of 2009 to 2010 where the observation takes a place is taken into account economic situation in Indonesia is in the process of recovery after the crisis in 2008 due to the global crisis in the world.

2. Literature Review

2.1. Market microstructure theory

Market microstructure theory is a new theory addressing the growing stock price in the market. O'Hara (1995) stated that this study discusses how asset prices are formed in the market with the existing trade rules. The frequent discussion takes place in the stock market liquidity because the data are relatively more accessible. Many approaches are used to express the volume of liquidity such as stock transactions, stock transactions frequency and so on.

However, it is bid-ask spread that is largely growing to declare stock liquidity and this research is mostly done by academics and researchers. The simple market microstructure theory has categorized the vendors based on their information systems, namely, *the informed traders* and *uninformed traders*. *Informed traders* have information with respect to stock, while other traders do not have it. They exploit the advantage of this information to take advantage as much as possible when making trades. *Uninformed traders* do not trade for informational reasons. In many cases, they are termed as "*noise traders*" or investors who were noisy, because their trades are based on their beliefs and sentiments that are not based on fundamental information. Information is disclosed in the market through the trading activity of *informed traders* (Vishwanath, R. and Krishnamurti, C., 2009).

To take full advantage of the possession of superior information, *informed traders* have an incentive to lower prices slowly with their trade. Barclay and Warner (1993) stated that *the informed trader* uses a medium-scale trading rather than large scale to prevent information moving fast in stock prices. Chakraverty (2001) found that medium-scale trading is done by institutional trading. This results in a large unequal cumulative stock price. This finding is consistent with the general view where institutions are *informed traders*.

The popular measurement for liquidity is popular using proxy bid-ask spread. This can be considered as a price implied by the dealer to provide order execution immediately. Amihud and Mendelson (1986) determined the relationship between the bid-ask spread with stock returns where investors will ask for a higher rate of return for high spreads stock. Therefore, investment decision regarding liquidity should be made under considerations as addition to risk. Although an investor can reduce risk by holding a diversified portfolio, but the cost of illiquidity cannot be diversified.

In addition to the conditioned rate of return, liquidity also affects the period stock holding. Costs created by the bid-ask spread should be borne by the investor only during the period of shareholding. The longer period holdings would effectively lower the transaction costs per unit of time. The longer the stockholding period is, the lower the additional return required to compensate for the bid-ask spread. Therefore, stocks with higher bid-ask spreads will be held by investors in the longer period. In contrast, short-term investors will hold stocks that have low spreads. Amihud and Mendelson (1986) show empirically that the return of securities reflects the percentage bid-ask spread. Observed Gross returns tended to increase as the spread increased. The results of this study have several implications for investment managers. First, investments that have low liquidity are conditioned to generate higher returns for investors. Second, the portfolio managers are advised to pay attention to their client's investment horizon. Clients with longer period of investment horizon will be able to withstand the assets load in the illiquid portfolio. While investors with short-term investment horizon should be directed to hold securities that have low spreads.

2.2. Theory Information Asymmetry

Information Asymmetry is a condition where there is unequal information within its management as information providers (prepaper), with shareholders and stakeholders in general as the user. According to Scott (2000), there are two kinds of information asymmetry, namely adverse selection and moral hazard. Adverse selection means the managers and other people inside it usually know more about the state and prospects of the company than outside investors. In addition, facts that may influence the decision to be taken by the shareholders are not submitted to shareholders. While the moral hazard, i.e. that the activities are carried out by a manager is not entirely visible to the shareholders and lenders. So that managers can take action without the knowledge of shareholders in violation of the contract and the actual ethics or norms that may not be worth doing. Ogden et al., (2002) stated that the quality of the stock market is closely related to the efficiency of the information. Therefore, stock prices reflect all available information. If all information is freely available to all investors (as in an ideal market), the market condition is said to be efficiently strong. However, under conditions of asymmetric information, the creation of strong market efficiency is an issue. In some studies, the level of information asymmetry associated with the bid-ask spread. The size of the spread reflects the size of the costs incurred by the market maker spreads within the stock, which is commonly referred to as adverse selection cost. Adverse selection cost is the cost gap information (information asymmetry) that arises when there are market participants who have better information compared to other market participants in connection with the estimated change in the price of securities traded.

2.3. Liquidity of Shares

Stock market liquidity is the ability to absorb the flow of buying and selling requests on the stock market. Capital market liquidity is used to look at the stock market reaction to the information given. Definition of liquidity according to Jones (2002:27) is the ease and speed to convert an asset into cash. An illiquid asset as it can be converted quickly and with little price change, assuming there is no new information in the market. While Jeff Madura (2003: 3) explains, that liquidity is a level of security that can be easily sold without a loss in value. According to the second explanation, stock liquidity is the ability of the company's shares to be sold as soon as possible on a wide range of conditions, without resulting in significant price reductions. An asset is said to be liquid if the asset can be traded in large quantities within short time, low cost, and without a significant loss on the value for anywhere near the price that occurred in previous transaction. The level of stock liquidity of a company can be measured by using the volume of stock transactions or trading volume and trading frequency. Reilly and Brown (2003:347) stated that the most important factor is the amount of money the liquidity of shares traded. The greater the trading volume is—compared to the total number of shares issued, the more liquid the stock will be. Rhee and Wang (2009) use a three-dimensional measurement in its study, namely, 1) the bid-ask spread, 2) depth, and 3) price sensitivity.

There are several ways to measure stock market liquidity, most researchers often use the *relative spread* and *depth*. *Relative spread* is used to measure the dimensions of *tightness* and *immediacy* stock, while the *depth* is employed to measure the *depth* dimension. *Depth* can be measured by the formula:

$$D_{i,t} = Bid_{i,t} \times Q_{i,t}^B + Ask_{i,t} \times Q_{i,t}^A.$$

Where:

$$\begin{aligned}
 D_{i,t} &: \text{Depth stock } i \text{ in period } t \\
 Bid_{i,t} &: \text{Harga beli terbaik saham } i \text{ pada periode } t \\
 Ask_{i,t} &: \text{The best selling price stock in period } t \\
 Ask_{i,t} &: \text{Number of shares in the best deals} \\
 Q_{i,t}^B \text{ and } Q_{i,t}^A
 \end{aligned}$$

As for dimensions *relative spread* is measured by the formula:

$$S_{i,t} = \frac{(Ask_{i,t} - Bid_{i,t})}{(Ask_{i,t} - Bid_{i,t})/2}$$

Where:

$$\begin{aligned}
 S_{i,t} &: \text{Relative spread stock } i \text{ in period } t \\
 Ask_{i,t} &: \text{The best selling price stock } i \text{ in period } t \\
 Bid_{i,t} &: \text{Price in best buy stock } i \text{ in period } t
 \end{aligned}$$

2.4. Ownership Structure

There are many categories of structure ownership. According Zheka (2005), the ownership structure is composed of foreign holdings, stock ownership by managers, ownership owned by institutions, individual holdings, and government ownership. Meanwhile, Rubin (2007) classifies property into two levels, namely shared ownership becoming institutional ownership and insider ownership. Meanwhile ownership concentration is represented by block holder. In general, ownership structure can be divided into two, namely ownership by foreign investors and domestic investors.

Trying to distinguish from previous research, this study focuses on two categories, namely ownership by foreign institutions and domestic institutions. Ownership structure, by some researchers, is believed to affect the company operation, which in turn affects its performance in achieving corporate objectives in maximizing the value of the company. This happens due to control they have.

2.5. Foreign Institutional Ownership

Institutional ownership is ownership by a legal entity that can consist of investment companies, banks, insurance companies and other institutions or any form of ownership. Ownership structure specifically falls into 2 (two) categories, namely foreign ownership and public ownership. Foreign ownership is share ownership owned by foreign investors, while public ownership is share ownership owned by the public or domestic public. Foreign ownership owned by individual or institutional enterprises is an important tool for the company. Foreign holdings indicate that the company is experiencing growth that it attracts other investors to invest in the company stock. These results in higher liquidity, share price will also rise so that the performance of the stock and the company as a whole will also increase.

Doms and Jansen (1998) suggested that the presence of foreign ownership will enable companies to be more productive and more rely on capital intensive to hire employees with higher salary than domestic firms. Foreign investors as shareholders are able to influence management decisions.

In research, Stulz (1999a, b) explains that the international financial institutions large engagement will increase the liquidity of the local market through better better information disclosure and more active trading. The relationship between foreign engagement and liquidity can also be seen from the success of the economy following market liberalization. For example an increase in private investment (Henry, 2000) helps to reduce cost of capital and promote to greater economic growth

As foreign engagement enters local stock market, it shows that foreign investors have sufficient information about the existing market potential. This foreign engagement indicates that the information known or not known by local investors. According to Aggarwal et al (2005), foreign investors prefer stocks with high liquidity levels. In emerging markets, local investors have little information so they tend to be *follower*. This led to increased trade stocks by foreign investors which will also be followed by local investors. Interaction of foreign investors and local investors in the stock trading will encourage liquidity to increase.

This study analyses foreign institutional ownership which can be calculated by the following formula:

$$FINST = \frac{\text{Number of share:}}{\text{Total of}}$$

2.6. Domestic Institutional Ownership

Domestic institutional ownership can be distinguished from foreign institutional ownership. According to a research by Patnaik and Shah (2008), foreign institutional investors prefer to buy stocks that are liquid, fresh, and private companies that have global visibility. While domestic institutional investors prefer companies that are not too liquid, mature with large fixed assets and high leverage.

Domestic institutional ownership basically has no special characteristic. Based on previous research, institutional ownerships that mostly associated with liquidity are foreign institutional ownership and institutional ownership. Thus, inside this study of domestic institutional ownership, variables are considered similar with characteristics of institutional ownership. This is in accordance with the ownership structure grouped by Zheka (2005), ownership structure consists of foreign holdings, stock ownership by managers, ownership by large institutions, holdings by individuals, and ownership by government. Therefore, to further domestic institutional ownership will be called institutional ownership.

Ownership by institutions can significantly reduce the agency costs for monitoring the management shareholders. Supervision carried by domestic capital ownership will help to ensure managers to act in the capacity and for shareholders' interest (Amidu and Abror, 2006). The influence of institutional ownership on stock liquidity is further driven by the influence of their trade behaviour and practices towards stock prices (Sarin and Shastri, 2000). The trade done by institutions often takes into account large amounts of stock transactions.

It will bring powerful impact towards price and liquidity of shares traded. Similarly, Rubin (2007) also stated that the stock transactions made by institutional holding will occur more frequently than transactions made by other investors. Therefore, institutional holding has a positive effect on the stock liquidity.

Fundamentally foreign investors and domestic investors have different characteristics and motivations (Douma et al., 2002). Foreign investors feel better informed about the state of the country and companies in it, so they prefer investing in securities that he really knows his information (Dahlquist and Robertsson, 2001) while the domestic investors have already felt familiar with the condition of the country, investors know less so they search for fundamental information. So that both investors would process information they obtained differently according their respective intelligence and emotionally.

Based on the theory of market microstructure, traders have traditionally been categorized based on their information systems, namely *informed traders* and *uninformed traders*. *Informed traders* have information with respect to stock, where other traders do not have it. They exploit this information for merits as they enter the trade. Meanwhile *the uninformed traders* do not trade for informational reasons. Chakravarty (2001) find that trading is a medium-scale trading conducted by institutions that report on the cumulative impact on a large unequal cumulative stock price. This finding is consistent with the general view that institutions are *informed traders*. To cover losses that may occur as a result of trade done by the *informed traders*, the *market makers (dealers)* increase the cost of information asymmetry or *adverse selection cost* on the bid-ask spread stocks. Therefore, the higher the institutional ownership of the shares of a company is, the greater the bid-ask spread of the company's stock. In other words, institutional ownership has a negative impact on the liquidity of the company's stock.

Other studies also reinforce this conclusion, the institutional transaction is more likely to control or manage information (Ke and Petroni, 2004; Bushee and Goodman, 2007), and large institutional ownership increases the information asymmetry (Dennis and Weston, 2001; Brockman and Yan, 2009) and return volatility (Sias, 1996 and Wang, 2007). So that institutional ownership has a negative impact on the liquidity over stock.

The domestic institutional ownership can be calculated by comparing the amount of shares ownership owned by domestic institutions with the number of shares outstanding (*shares outstanding*) which is calculated by the formula:

$$DINS = \frac{\text{the number of shares owned by domestic insti}}{\text{the number of outstanding sha}}$$

2.7. Return Volatility

Return is one factor that is considered when making investments. Return is defined as the rate and the expected profits of an investment over a given period. The profit rate includes dividends and capital gain (loss). The extent profit return is changing all the time reflects the return volatility.

The source for return volatility comes from the company risk and the stock market volatility (Hirschey, 2001). Corporate risk is a risk caused by internal factors such as the quality of corporate management companies, operational leverage and financial leverage, as well as changes in the quality of the company's products. This risk can be addressed by diversifying investments investors. In contrast, the volatility of the stock market is the movement of the stock market as a whole, which is caused by factors outside the company such as inflation and interest rates. Because the source of return volatility is a risk,

return volatility will indicate the size of the risk embedded in such investment that can be measured by the standard deviation of stock returns.

Besides being able to calculate the risk, return volatility can also indirectly measure the degree of information asymmetry among market participants (Andersen, 1996). The higher the return volatility is, the higher the level of information asymmetry (adverse selection) among market participants. The higher asymmetry information means the larger the bid-ask spread is formed. So that it can be concluded that the higher the return volatility is, the higher the bid-ask spread. In other words, return volatility has a negative impact on the stock liquidity (Sarin and Shastri, 2000; Friedel and Martel, 2006; Rydge and Forde, 2006; Rubin, 2007).

When the stock's return volatility is too high, market participants tend to reduce their order they make. This measure is taken to reduce the risk of trading losses with *informed traders*. The higher volatility of returns means the lower the selling orders (buy) or depth, so it can be concluded that the return volatility has negative impact towards stock liquidity, which means the higher the stock's return volatility is, the lower the liquidity of the stock.

Calculating the return volatility employs standard formula which indicates the height of risk embedded in investment. The formula as follows:

$$\sigma_{i,t} =$$

Where:

$\sigma_{i,t}$:	Standard deviation of stock i in given period t
R_{it}	:	Return company stock in given period t
μ_t	:	Average return of company stock i in given period t
n	:	The number of return sample of company stock i

2.8. Size (Market Capitalization)

The company size will affect its ability to bear risks that may arise in running the company. In addition to that, the size of the company also shows divulging the size of companies that can be seen from its value in market capitalization, the level of sales, number of employees and total assets owned by the company. According to Chan and Nai (1991), small companies are prone to more risky because small companies have low production efficiency, high *leverage* and lower profitability levels compared to larger companies, so the rate of *return* volatility that occurs also higher when compared with larger companies. Heflin and Shaw (2000) and Rubin (2007) use stock market value as a proxy for firm size. So does research conducted by Rhe and Wang (2008) who used the term market capitalization to proxy firm size by the same measurement to market value. Market value of a company is the result of multiplying the market price per sheet with the number of outstanding shares.

The number of market value indicates the value of markets shareholder equity. The larger the company is, the greater the company's stock market value. This condition causes many investors hunt the company's stock. The higher the demand for a company's stock is, the easier orders (buy) are offered. This could lower the holding cost component in the bid-ask spread. Thus, firm size has a positive affect on the liquidity of the stock, which means the larger the firm size (market capitalization) is, the greater the company's stockliquidity.

In addition to that, Dunerv and Kim (2003) stated that the larger companies will tend to attract more attention and spotlight from public, thus encouraging companies to implement better *corporate governance* structure. Therefore, the level of information asymmetry between management and shareholders of larger companies tend to be lower than the smaller firms. Stoll and Whaley (1983) states transaction in larger firms is easier than doing so in smaller companies because smaller companies require more information available in the market and the stock analyst. This leads to the liquidity of larger company's stock higher than the liquidity of smaller company stocks.

The results of study carried by Rhee and Wang (2009), Rubin (2007), and Friederand Martel (2006), also expressed firm size has a positive effect on the liquidity of a company's stock. The larger the size of the company means shares of the company's liquidity will be higher. This occurs because a large company stocks will be more frequent and easier to trade than stocks of smaller size companies.

Market capitalization is calculated with:

$$\text{Market Cap} = \ln(\text{share market price} \times \sum \text{outstanding}).$$

3. Research Hypothesis

Based on the explanations that have been put forward, the research hypothesis as follows:

- H₁ : Foreign institutional ownership has positive effect towards stocks liquidity.
 - H_{1a} : Foreign institutional ownership has positive effect towards stocks depth.
 - H_{1b} : Foreign institutional ownership has negative impact towards stocks relative spread.
- H₂ : Domestic institutional ownership has negative impact towards stocks liquidity.
 - H_{2a} : Domestic institutional ownership has negative impact towards stocks depth.
 - H_{2b} : Domestic institutional ownership has positive effect towards stocks relative spread.

4. Research Methods

The data employed in this study is a secondary data in the form of financial statements of companies listed in the Indonesia Stock Exchange as well as the daily stock trading sourced from *Indonesian Capital Market Directory*, an *IDX* directory and *website: www.idx.co.id ,www.ksei. co.id & www.finance.yahoo.co.id* .

Samples of study are manufacturing companies qualified and listed on the Indonesia Stock Exchange in 2009-2010. By using purposive sampling, total sample of 79 companies are obtained which are included in the index stock index over the period 2009-2010.

Based on the models and hypotheses analysis, the researchers applied multiple linear regression analysis that is managed to explain and evaluate the relationship between one dependent variable and one or more independent variables. With liquidity as dependent variable and foreign institutional ownership, domestic institutional ownership, return volatility and firm size as independent variables.

5. Results

Results of Model I Regression (proxy *depth*) in Manufacturing Companies Stock 2009-2010

	β Coefficient		T	Sig.
	Unstandardized	Standardized		
(Constant)	-0,396		-0,276	0,3915
FINS	-1,071	-0,173	-2,254	0,0130*
DINS	-1,561	-0,240	-3,139	0,0010*
VOLT	8,841	0,073	1,328	0,0930
MCAP	0,708	0,813	14,913	0,0000*
F test	63,100			0,0000 ^a
R ²	0,632			

*Significant with level of significance 5%

Result of Model II Regression (proxy *relative spread*) In Manufacturing Companies Stocks 2009-2010

	B Coefficient		T	Sig.
	Unstandardized	Standardized		
(Constant)	0,536		6,861	0,0000*
FINS	0,063	0,275	2,591	0,0055*
DINS	0,033	0,138	1,314	0,0955
VOLT	-0,832	-0,186	-2,457	0,0075*
MCAP	-0,018	-0,568	-7,549	0,0000*
F Test	15,710			0,0000 ^a
R ²	0,299			

*Significant with level of significance 5%

5.1. Foreign Institutional Ownership Effect on Stock Liquidity

In this study, a foreign institutional ownership variable has a significant negative impact on the variable depth and significant positive effect on relative spread variable. Regression results of the two models shows that foreign institutional ownership can reduce liquidity in Indonesian shares. The higher foreign institutional ownership is, the smaller liquidity will be. The results are consistent with studies conducted by Rhee and Wang (2009) that states foreign holdings will decrease stock liquidity due to increased information asymmetry.

Negative impact of foreign institutional ownership due to the depth of the foreign institution is considered to have a better experience, background in higher education, better training, and better information about the company than domestic investors. Besides, the high ownership by foreign institutions will lead board of directors members of the company are reserved for foreign institutions. This condition causes the existence of information asymmetry between domestic and foreign investors. More informal information channels flowing to foreign institutions that have greater ownership and this will not only weaken but also limit the flow of information to domestic investors. To take full advantage of the superior information ownership, foreign institutions as the informed traders have an incentive to slowly lower prices with their trade. Informed traders use medium-scale trading rather than larger scale to prevent information moving too fast in stock prices. The declining in number of transactions in the stock market will make liquidity measured by the depth decrease, so that foreign institutional ownership can decrease stock liquidity as measured by depth.

Relative spread can be considered as a price implied by the dealer to provide order execution immediately. The positive influence of foreign institutional ownership as a variable towards the relative spread demonstrates the higher degree of foreign institutional ownership, the dealer will charge high in trade transactions. This is done because it considers foreign institutional ownership as the informed trader. The higher relative spread showed a decline in liquidity, so that foreign institutional ownership can decrease stock liquidity as measured by the relative spread.

5.2. Effect of Domestic Institutional Ownership on Stock Liquidity

The results on Domestic Institutional Ownership variable against liquidity is a significant negative effect towards depth and insignificant positive effect on relative spread. Results of the study showed that the depth proxy Domestic Institutional Ownership decreases stock liquidity

Significant negative influence on the Domestic Institutional Ownership to depth variable is not due to the asymmetry of information as well as research Sarin and Shastri (2000) which states that institutional ownership is not associated with information asymmetry. However, the negative effect is more significant in this study because it uses the period after the panic selling due to crisis in United States. At the moment where most of the period after the panic selling, many domestic investors do not purchase shares to be sold in the short term but they invest in the long run in order to earn abnormal profits. This condition leads to low frequency trading activity or stock so that stocks liquidity fell as measured by the *depth* variable which is measured by multiplying best buy price and best sell price by the number of shares available at the best prices.

The influence of domestic institutional ownership is insignificant to the relative spread variable due to the improvement in Indonesia stock exchanges within period of study. Its rapid recovery following panic selling in 2008 is owed to the increased investor confidence that serves as fundamental conditions in Indonesia.

5.3. Influence Volatility Return on Equity Liquidity

Volatility variable in this study shows that there is insignificant effect on the depth and significant negative effect on relative spread. Results of studies with variable relative spread is opposite to the results of research Rydge and Forde (2006), Frieder and Mertel (2006), as well as Rubin (2007) which states that the volatility has a negative effect on the stock liquidity. Higher the volatility will decrease the liquidity due to higher occurring information asymmetry.

The negative significant influence of volatility towards relative spread proxy is caused by the period of study for it is conducted after the *panic selling* caused by US financial crisis. During *panic selling*, most investors sold their shares which led to a decrease in stock price. This also caused an increased volatility in the stock market due to fluctuations in the overall stock market. However, after the incident, the stock market in Indonesia is not constantly declining. In fact, it shows growth or recovery. This condition urges investors, both foreign and domestic, flocking the exchange transaction hoping to capture potential return in the future. This enables selling order goes with ease (buy) helping to lower

the holding cost component in the relative spread. A low relative spreads indicates high liquidity. Hence, a high volatility remains followed by high liquidity.

In contrast to the results towards relative spread, the effect of volatility on liquidity as measured by depth shows insignificant positive results. This occurs as not all investors flocked exchange transaction following panic selling period due to a recovery in the market. There are investors remain by holding their stock when most investors are currently experiencing *panic selling*. Investors who remain holding shares seek for a return in the long term regardless of the economic conditions at that time. This condition causes little change in the number of shares available at the best prices. So when liquidity is measured by depth, there is no significant effect of market volatility on the liquidity of the stock.

5.4. Effect of Company Size (size) the Liquidity of Shares

Variable size in the results of this study indicates there is a significant positive effect on the variable depth and there is a significant negative effect on the relative spread variable. This suggests that the larger size will increase the stockliquidity. This study is consistent with research conducted by Frieder and Martel (2006), and Rubin (2007) which states that the company size has a positive relationship towards stock liquidity. The larger the company is, the greater the company's liquidity would be.

The size of market value indicates the equity size of shareholders' market value of. The larger the company is, the greater the company feasibility to grow and be the centre of attention among investors. This condition causes many investors to hunt company shares as considered being able to achieve company objective, so is to provide welfare for its shareholders. The higher demand towards stock, it will increase the number of shares available at the best prices in the stock trading transactions. This will increase the liquidity of the stock as measured by depth. So, the higher the size is—which is proxied by market capitalization, the greater the liquidity stock as measured by depth.

The company size which will also facilitate greater selling orders (buy). This could lower the holding cost component in relative spread. The low relative spread indicates high liquidity stocks. Thus, firm size (market capitalization) may increase stock liquidity as measured by the relative spread.

6. Conclusion

This study results to a conclusion. First, the foreign institutional ownership has significant negative effect towards shares liquidity with proxy depth, and a significant positive effect towards stock liquidity with proxy relative spread. Second, domestic institutional ownership holds significant negative effect towards stock liquidity with proxy depth, and insignificant positive effect towards stock liquidity with relative spread proxy. Third, return volatility is not a significant positive effect on the liquidity stock with the proxy depth, and but hold a significant negative effect on the shares liquidity with proxy relative spread. Fourth, company size which in this study utilizes the proxy market capitalization shows significant positive effect on the stock liquidity proxy depth, and shows a significant negative effect on the shares liquidity with proxy relative spread.

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